



FOR IMMEDIATE RELEASE

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State to Pursue Equity Partnership in Gasline

January 10, 2014, Anchorage, Alaska – Governor Sean Parnell today announced that the State of Alaska will pursue becoming an equity partner in the Alaska LNG project. The governor also announced the state will terminate its involvement with TransCanada as its licensee under the Alaska Gasline Inducement Act (AGIA), and partner with the company in a more traditional commercial agreement.

“For the first time in our state’s history, the framework is in place to build an all-Alaska gasline on Alaska’s terms and in Alaskans’ interests,” Governor Parnell said. “We have all the necessary parties to make an Alaska gasline project go - three producers, a pre-eminent pipeline builder, an entity in AGDC that can carry Alaskans’ interests, and state agencies responsible for the royalties and taxes.”

The governor stated he soon expects a commercial agreement, known as a Heads of Agreement, for the Alaska LNG project. The agreement is anticipated to be signed by Exxon, BP, ConocoPhillips, TransCanada, the Alaska Gasline Development Corporation (AGDC), and by the commissioners of the Departments of Revenue and Natural Resources. The Heads of Agreement will be subject to public review by the Legislature.

“As a partner in the gasline project, Alaska will control its own destiny,” Governor Parnell said. “Ownership ensures we either pay ourselves for project services, or negotiate and ensure the lowest possible costs. As a partner, Alaskans stand to gain more.”

Governor Parnell also intends to introduce legislation addressing how the state will manage its gas resources by authorizing the Department of Natural Resources to modify certain leases, and enter into shipping agreements to move and sell the state’s natural gas. The legislation will propose moving from a variable net tax to a flat gross tax for North Slope gas, allow certain leases to pay production taxes with gas, and enable the Departments of Revenue and Natural Resources to manage the state’s gas revenues.

“While most Alaskans have seen past efforts to develop a large gas project falter for various reasons, this time is different,” Governor Parnell added. “AGDC is our ‘ace in the hole,’ meaning we can still opt for the smaller volume ASAP project.”

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